

**THE MINISTRY OF FINANCE
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**ESG AS A GLOBAL TREND AND THE
APPROACH OF VIETNAM**

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1. Introduction ESG as a global trend

- As Covid-19 disrupts markets and destroys value, private market participants need to respond quickly to newly evolving trends with the combination of three factors for environmental (E), social (S), and governance (G) as a typical ecosystem in the goal towards business sustainable development and it had become the major global concern.

1. Introduction ESG as a global trend

- To arouse the interest of stakeholders who care about and explore the essence and significance of ESG, such as enterprises, government regulators, financial institutions, and academic institutions.

2. Analysis of ESG Literature in Top International Journals

- a. Research Progress and Future Prospects ESG of Ting-Ting Li, Kai Wan, Toshiyuki Sueyoshi and Derek D. Wang (2021) to provides a useful reference and guidance for the promotion of further development and practice of ESG

2. Analysis of ESG Literature in Top International Journals

- Through the analysis of the academic community, it can be seen that the current research on ESG is mainly concentrated in developed countries, such as those in Europe and the United States. However, the closeness of cooperation among scholars is not high and is relatively scattered. Therefore, ESG research is still in the development stage.

2. Analysis of ESG Literature in Top International Journals

- Based on stakeholder theory, ESG research suggested that enterprises that respond to the ESG requirements will perform better than irresponsible enterprises.

2. Analysis of ESG Literature in Top International Journals

- They looked forward to furthering the advancement of ESG research in the following aspects:
 - Definition of ESG concepts
 - Theoretical basis of ESG research
 - To continues to deepen
 - To evaluation system
 - To practice of various organizations

2. Analysis of ESG Literature in Top International Journals

- b. Analysing of ESG in Real Estate and a framework to guide future research of Shirley Kempeneer, Michaël Peeters and Tine Compernelle (2021)

2. Analysis of ESG Literature in Top International Journals

- Conclusions range from finding no correlation at all between ESG and financial performance, to mixed results, with several cases even showing an inverse relationship.
- Some researches do give evidence of a positive relationship, often emerging in the long time.

2. Analysis of ESG Literature in Top International Journals

- Making the case that the transition to smart real estate that is user-centered is the solution to improving both the environmental (E) and social (S) sustainability of buildings (ESG factors), as well as the investment value of real estate.
- Given the diverging measurements of ESG factors.

2. Analysis of ESG Literature in Top International Journals

- c. Improving the benchmarking of esg in real estate investment of Newell, G., Nanda, A. & Moss, A. (2023)

2. Analysis of ESG Literature in Top International Journals

- Relationship between ESG and investment performance: it was felt that the correlation between ESG compliance/best practice and the delivery of satisfactory financial performance over the medium term has been well established.

2. Analysis of ESG Literature in Top International Journals

- Europe and Australia were identified as leaders in recognising the importance of ESG benchmarking now and in the future.
- The biggest improvements were expected in Asia, North America and Middle East, albeit from a low base.

3. The ESG approach of Vietnam

- About 40% of emissions amount to the environment come from real estate. And not outside the trend of the world, Vietnam's real estate market is also catching up with ESG.
- About 200 green buildings across the country, according to the Vietnam Green Building Council (VGBC)

3. The ESG approach of Vietnam

- For the E factor (environment) of ESG is one of the evaluation and consideration criteria for civil works in Vietnam, including greenhouse gas emissions, energy efficiency, waste management and water saving...

3. The ESG approach of Vietnam

- This factor is largely regulated by green building certifications such as LEED and product certifications such as Energy Star, BREEAM, Green Globes, Fitwel. And the Social concerns such as human health, wellbeing and accessibility are increasingly being considered in the development and use of buildings, from apartments to office rentals or retail commercial...

4. Conclusions

- There was seen to be a strong consistent link between several of these recommendations for ESG benchmarking and the extant literature in ESG in real estate.
- ESG will continue to be a high priority in the fuller context of ESG benchmarking in the future in real estate investment across all markets and from that promotion of development about practice of ESG in Real Estate valuation area.

4. Conclusions

- There is still much debate about the investment financial effectiveness in ESG, and the consistency between rating systems and standardization of information disclosure systems, as well as the index sets applied in many countries, however, the scale of investment in ESG is growing quickly annual, especially in the Real Estate investment Area.

4. Conclusions

- ESG standard will become an important topic in enhancing the capacity profile of businesses, and accompanying policies of national governments in the future.

5. Recommendations

- Real estate businesses should have a sound environmental, social and governance (ESG) principles at the core of its business.
- The government needs to continue to encourage real estate investment businesses to approach and be guided by ESG standards as a mission to bring sustainability to business operations following the trend of sustainable investment.

5. Recommendations

- The ESG methodology will need to be standardized soon
- To achieve this goal, first of all, the nation needs to develop urban ecosystems including buildings, landscapes, resources, infrastructure, people, air... according to ESG standards is the focus of the urban planning project.

*Thank
you*

